DoD Purchase Card

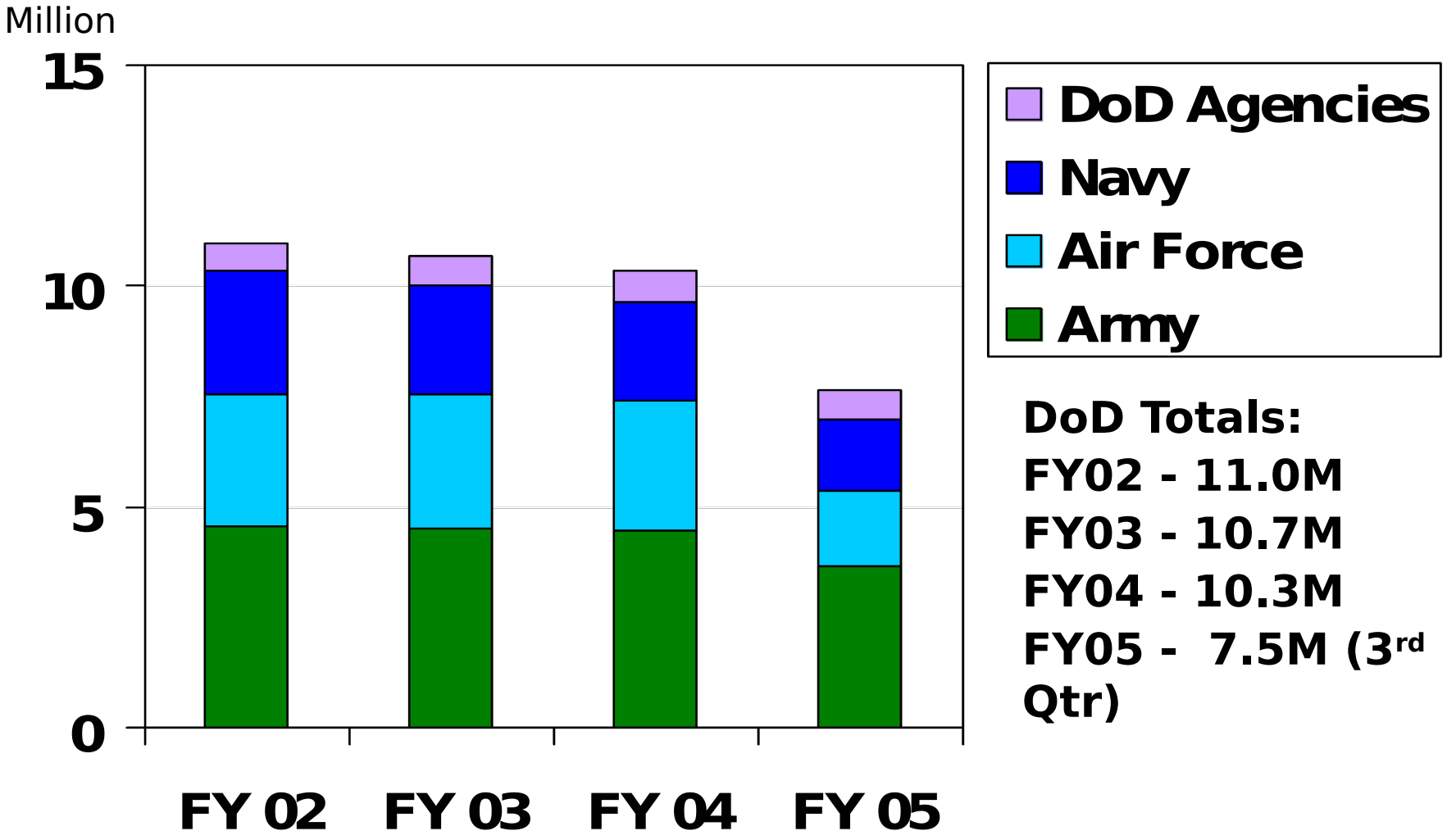
LeAntha Sumpter

Director, Program Management Office

Outline

- Statistics
- OMB Circular
- Creditworthiness
- Internal Controls
- Electronic Certification – Waiver Process
- Freedom of Information Act (FOIA)
- Third Party Transactions
- Rebates
- Metrics – New DoD Standardized Report
- Authorization and Issuance Tool
- Data Mining Tool
- Purchase Card Strategy Timeline

Statistics - Actions



DoD Totals:

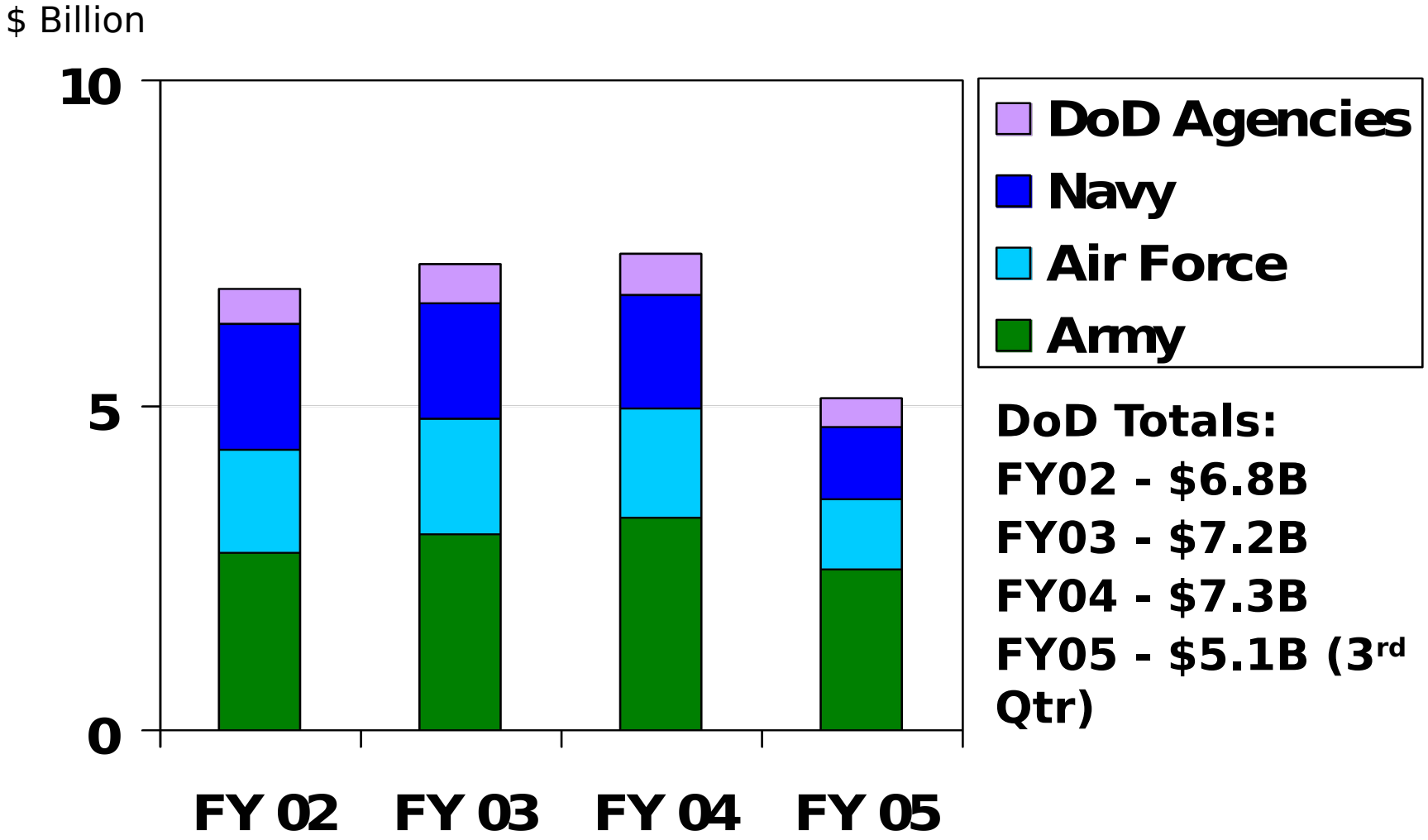
FY02 - 11.0M

FY03 - 10.7M

FY04 - 10.3M

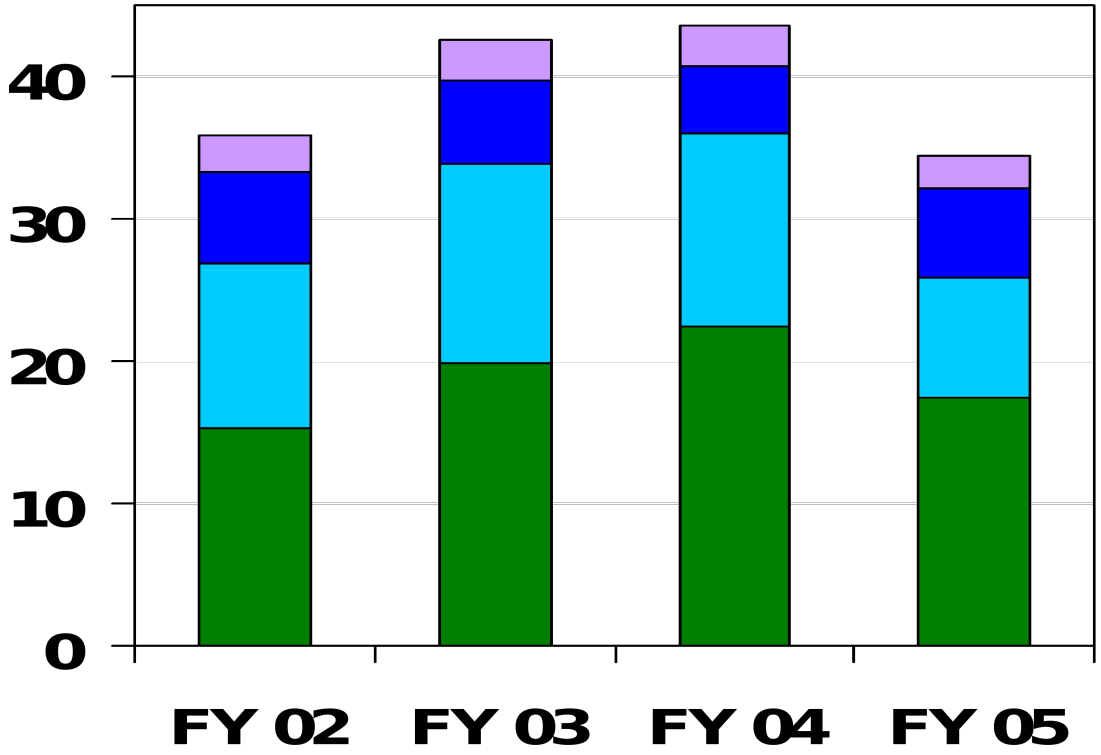
FY05 - 7.5M (3rd Qtr)

Statistics - Dollars



Statistics - Rebates Earned

$ Million



DoD Totals:

FY02 - $35.8M

FY03 - $42.4M

FY04 - $44.7M

FY05 - $34.4M (3rd Qtr)

OMB Circular

- Issued August 5, 2005
- Purpose - Provides Central Guidance to Federal Managers on Internal Controls
- Annually, Management Must Provide Assurances on Internal Controls in its Performance and Accountability Report

Creditworthiness

- Pursuant To Section 639 Of P.L. 108-447, Each Agency Must Assess The Credit Worthiness Of ALL New Purchase And Travel Card Applicants Prior To Issuing A Card
- Current Cardholders Are Not Subject To These Requirements
- Required To Obtain A FICO Score Or Issue A Restricted Card AND Conduct An Alternative Credit Worthiness Assessment
- DoD Has Developed Form 2883, Self-Certification of Creditworthiness, As Alternative
  - Will Be Imbedded in DMDC Authorization Tool Under Development
- Implementation Policy Being Developed

Internal Controls

- Baselines joint acquisition and comptroller requirements
- Will be used to evaluate any alternative system granted waivers
- Joint Guidance in staffing

Electronic Certification Waiver Process

- Modifying Purchase Card Guide to Include Internal Controls and Waiver Process
  - Seeking Approval From The DoD Comptroller To Activate The Purchase Card Module In The Navy SIGMA ERP To Test At A Limited Number Of Sites For A Defined Period Of Time
  - Naval Audit Service To Validate Required Internal Controls
  - If Validated, Develop An Implementation Schedule For Deployment To Remaining SIGMA Sites

Freedom of Information Act (FOIA)

- DPAP Policy Memo - Issued 15 June 2005
- Releasable Transactional Data at Installation, Base, or Activity Level for Non-Classified Accounts
  - Merchant Category Code
  - Transaction Amount
  - Merchant name
  - Merchant Address
  - Transaction Date (not releasable for 90 days)
- Non-Releasable Information
  - Names of GPC Program Officials (A/OPC, B/O, C/H, etc.)

Third Party Payments

- DPAP Policy Memo – Issued March 7, 2005
- If it is Known that a Third Party Merchant Will Be Used, the Cardholder Shall Choose Another Merchant With Which to do Business
- Reasons:
  - It Masks What is Bought and Thereby Circumvents MCC Blocking
  - Hinders Oversight and Data Mining Capabilities

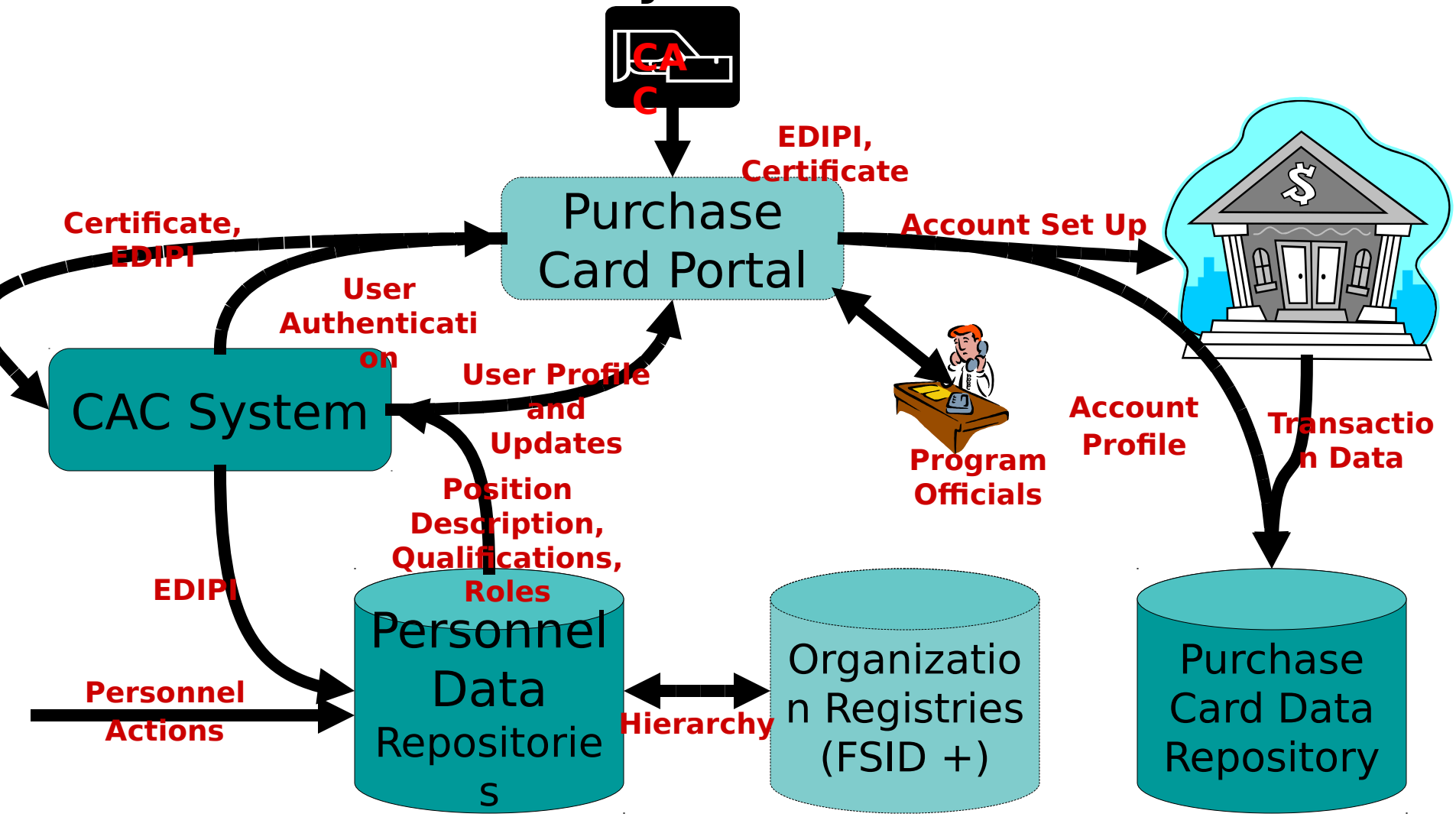
Rebates

- Future Task Orders Will Be More Specific Regarding Calculation Of Rebates
  - Definition of Terms and Process
- Working With DoD Representatives on Chief Financial Officer Council To Develop Metric That Identifies Maximum Potential Rebate

Metrics
New DoD Standardized Report

- Working Group Established With Members From Comptroller's Office, DFAS, PCPMO
- Goal: A Standardized Report That Provides the Necessary Information For All Three Groups
  - Plan to Standardize Cycle Date for All to 19th with All Delinquency Reports Issued as of Cycle Date
  - Eliminate Redundant Delinquency Reports
  - Plan to Require all Metrics to Use Delinquency Date as Date of Prompt Payment Interest (Current Metrics & GSA Master Contract are 60 days)
- Met with Both Banks to Initiate Development

Purchase Card Authorization and Issuance – Integration with Personnel Systems



Authorization and Issuance Tool

- Goal – to Have a Government Owned Authorization/Issuance Tool Tied to Common Access Card
- DMDC Developing a Web-based Application
- Portal for Future Data Mining Tool and Route Transactions for Supervisory Review and Action
- First and Second Level Supervisors of Cardholders Will Be an Integral Part of the Process
- DD Form 2883 (Self-Certification of Creditworthiness) Will Be Imbedded Used as New Cards are Issued
- Will Aid in Control of Charge Cards Upon Departure Authorization/Issuance

Authorization and Issuance Tool

- Development Commenced January 2005
- Initial Operating Capability 2nd Quarter FY06
- Timeline for Development
  - Phase I - Bank Specific and Organization Specific Beta Sites
  - Phase II – Support Both Banks and Several Organizations at Multiple Beta Sites
  - Phase III – 3rd Quarter FY06 – Full Deployment of Application

Data Mining Tool

- Combination of Neural Network and DoD Unique Business Rules
- Flagged Transactions Will Be Routed to First Level Supervisor (Approving Official) through DMDC
- Required to Document Response to a Number of Questions on Questionable Transaction and Any Action Taken
- Also Will Include a Risk Based Assessment Tool
  - Report Card on Health of the Organization
  - Snapshot of Status of Various Purchase Card Internal Controls

Data Mining Tool

- FISC Norfolk, Philadelphia Division Is Handling the RFP
- RFP Issued August 2005
- Pre-proposal Conference to Be Held September 2005
- Contractor Award January 2006
- Pilot at Authorization and Issuance Test Sites

Purchase Card Strategy Timeline

Phase I - Requirements Definition (Complete)

Phase II – Explore Alternative Capability And Implementation Solutions – November 2005

Phase III – Refine Architecture (2006)

Phase IV – Implementation: Deploy and Operationalize Capability (2007/2008)